

PENSIONS
INVESTMENTS
LIFE INSURANCE



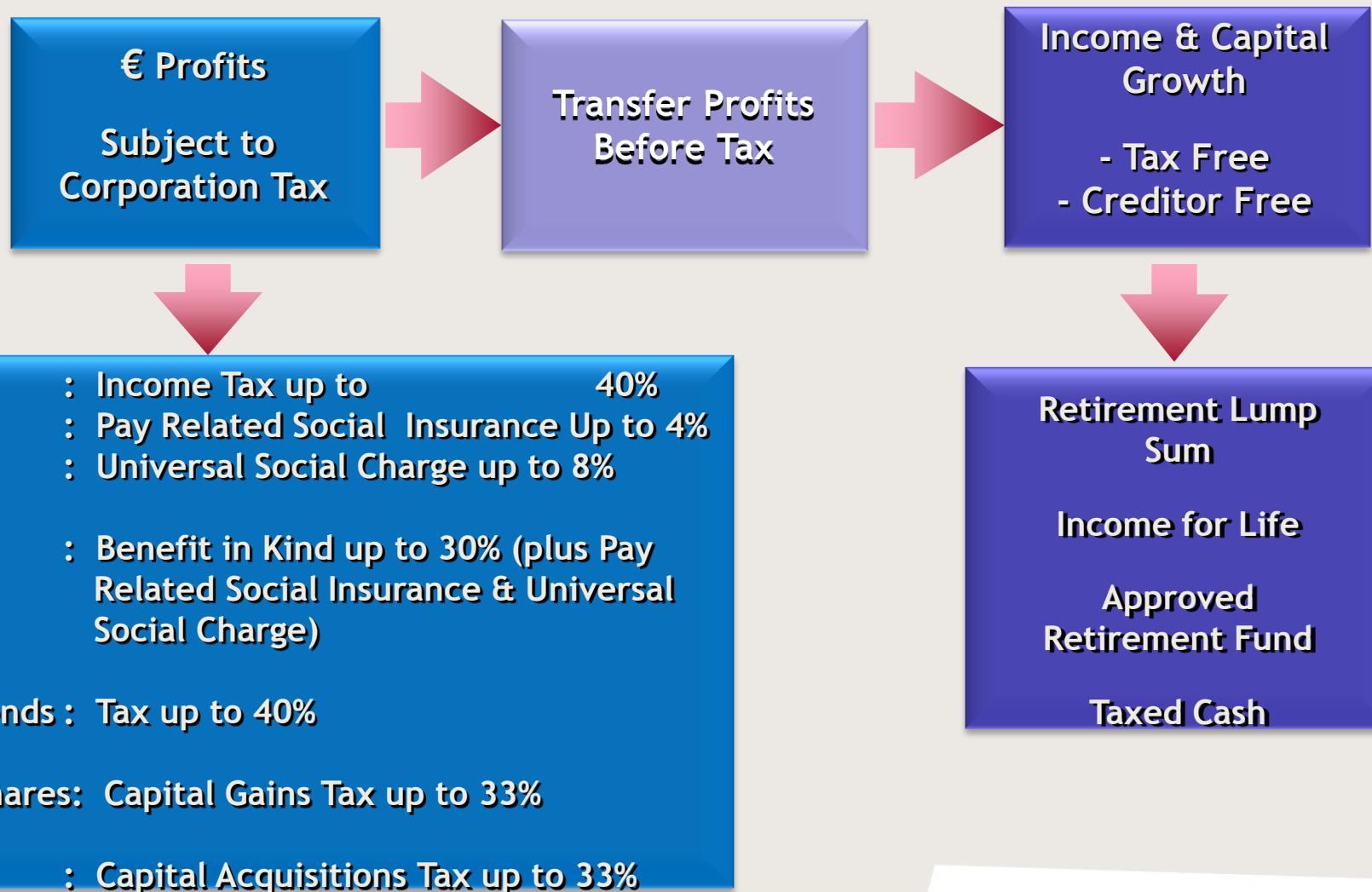
Irish Life

75 Years of
Experience

Director's Pension Planning

This presentation is for information only and does not constitute an offer or recommendation and has not been prepared on the financial needs or objectives of any particular person. It is intended for the use with Financial Brokers and Advisers only and is not intended for use with any customers.

Turning Company Profits into Personal Wealth?

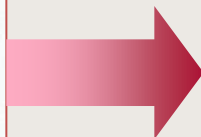
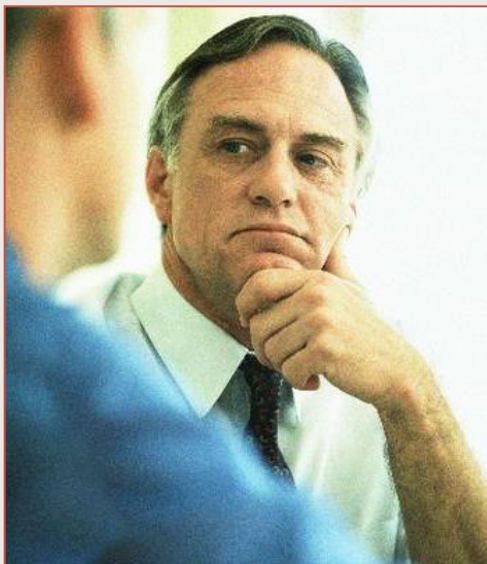


Drawing a Salary -v- Pension Contribution

- Director Aged next birthday of 45 retiring at age 60
- Take an additional **€60K per annum** (p.a.) over a **15** year timeframe
- If the **€60,000** is taken as income, Income tax at **40%** will be paid on it, plus
 - Class S Pay related Social Insurance at **4%**
 - Universal Social Charge at **8%**

Drawing a Salary -v- Pension Plan

This €60K can be taken out of the company tax free! (not guaranteed)



Advantage:

- The company can get tax relief at 12.5% (not guaranteed)
- Tax free growth within the fund
- No Benefit in kind is payable
- Pension income in retirement is subject to income tax, the universal social charge, Pay Related Social Insurance (if applicable) and any other taxes or Government levies on any withdrawals you make.

Tax Example – with no growth / charges

PENSION

SALARY



Company

Company pays

€50,000 p.a.

€50,000 p.a.

Over 15 years

Total
Payment

€750,000

€750,000

Tax paid

€292,500

€390,000

Final
Benefit

€457,500

€360,000

A gain of
€97,500

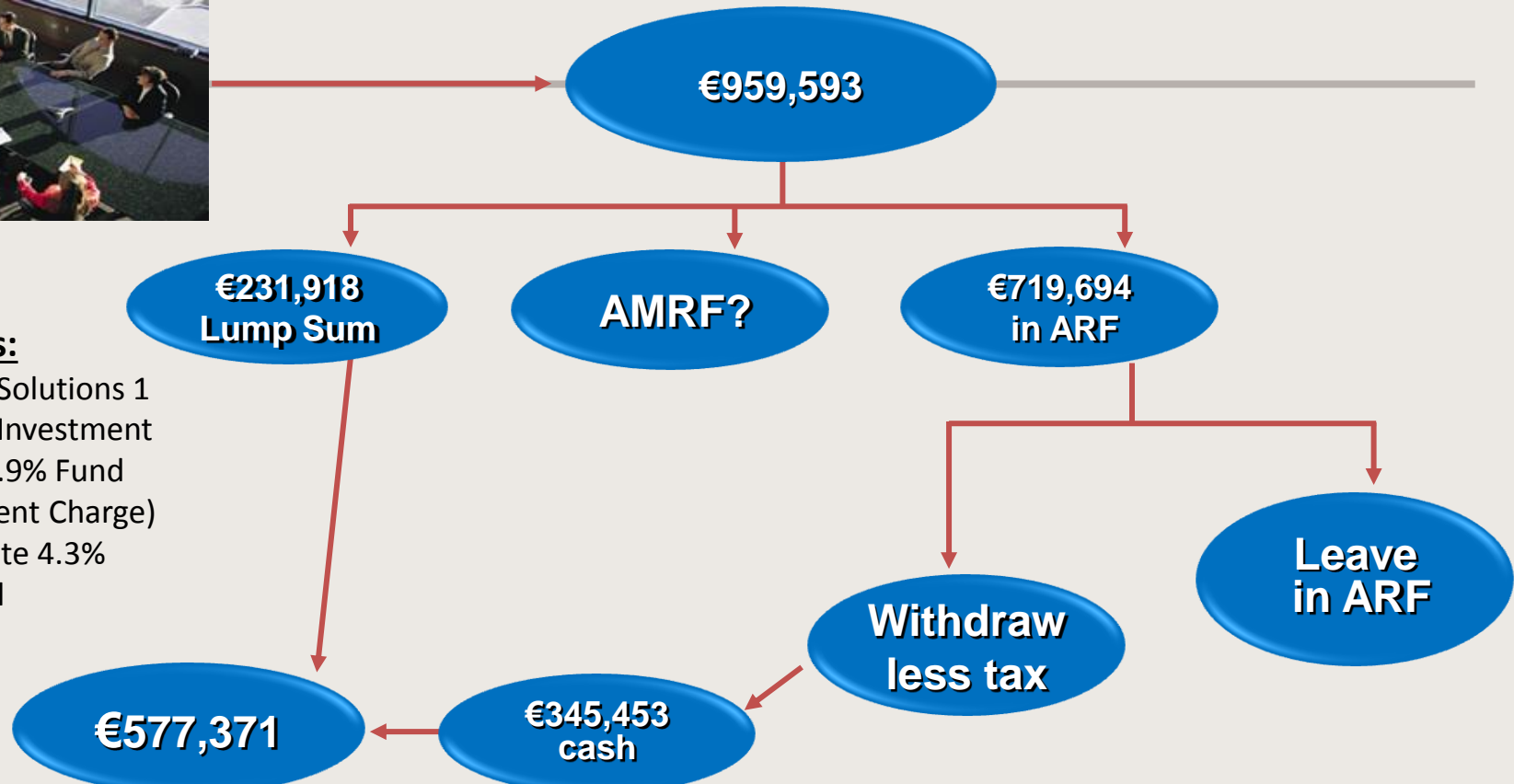
Warning: These figures are estimates only. They are not a reliable guide to the future performance of the investment.

Warning: If you invest in this product you will not have access to your money until age 60 and / or you retire.

Warning: The value of your investment may go down as well as up.

Warning: If you invest in this product you may lose some of all of your money you invest.

Example with growth



Assumptions:

- Complete Solutions 1
- 100% Net Investment
- MAPS 3 (0.9% Fund Management Charge)
- Growth Rate 4.3%
- 0.25% Trail

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Summary: Tax effective wealth extraction

(Growth & charges based on previous two slides)

	Pension without growth	Pension with growth	As Salary
Total Fund	€750,000	€959,593	€750,000
Gross Lump Sum	€187,500	€239,898.25	—
Tax due lump sum	€0	€7,979.65	—
Net Lump Sum	€187,500	€231,918.60	—
Balance subject to tax	€562,500	€719,694	€750,000
Income tax @ 40%	€225,000	€287,877.60	€300,000
Pay Related Social Insurance @ 4%	€22,500	€28,787.76	€30,000
Universal Social Charge @ 8%	€45,000	€57,575.52	€60,000
Total tax paid	€292,500	€374,240.88	€390,000
Total received after tax (includes net lump sum)	€457,500	€577,371	€360,000

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Taxation of Non Pension Investments

- Deposit Interest Retention Tax: 41%
- Exit Tax: 41%
- Rental/Dividend Income Tax: 40%
- Pay Related Social Insurance (4%) is payable on
 - rental income, dividend income and interest on deposits,
 - if the total such income exceeds €3,174. (Self employed liable with no threshold)



Key Pension Benefits

Employer Benefits

- Corporation tax relief on employer contributions at 12.5% (not guaranteed)
- No employer Pay Related Social Insurance is paid on employer pension contributions

Employee Benefits

- Income tax relief on employee contributions & Additional Voluntary Contributions (not guaranteed)
- No Benefit in kind on employer contributions & Fund grows tax free
- Tax free lump sum of up to €200,000 at retirement
 - Some or all could be tax free up to a maximum of €200,000.
 - After your retirement lump sum, pension income in retirement is subject to income tax, the universal social charge, Pay Related Social Insurance (if applicable) and any other taxes of Government levies on any withdrawal you make
- Flexible drawdown options at retirement

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Key Pension Benefits cont.

- There is the potential for higher funding in a company pension compared to a Personal Retirement Savings Account
 - The earnings cap doesn't apply to employer company pension contributions
- There is the option to fund a company pension for a spouse working in the company
- The ability to access benefits in full health from the age of 50 on retirement and disposal of shareholding

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Considerations

- Maximum funding rules - always salary and service related
 - 10 years service at Normal Retirement Age for maximum pension 2/3rds final salary
 - 20 years service at Normal Retirement Age for maximum lump sum 150% final salary
- Current Standard Fund Threshold of €2 million.
- Tax Free Retirement Lump Sum: €200,000
 - Next €300,000 taxed at 20%
 - Excludes Lump Sums received before 7 December 2005
 - Some or all could be tax free up to a maximum of €200,000.
 - After your retirement lump sum, pension income in retirement is subject to income tax, the universal social charge, Pay Related Social Insurance (if applicable) and any other taxes of Government levies on any withdrawal you make
- Death in service lump sum up to 4 x salary
 - Subject to inheritance tax
 - includes death benefits from previous employments



Considerations

- No access to fund until normal retirement age
- The pension cannot be used to fund the business
- Borrowing from the pension is not allowed
- All transactions must be at arms length
- Pension income in payment subject to income tax, Pay related Social Insurance & Universal Social Charge



Information needed to run funding calculations

- Age
 - Normal Retirement Age
 - Gender
 - Salary
 - Number of years service in the company to date
 - Value of pension benefits with this current employment
 - Value of pension benefits in respect of previous employments
- Once you have this information you can use our Revenue Maximum calculator to determine the maximum contribution that can be paid

Getting the numbers...

Tax Limits

Income Gap

Max Lump Sum

★ Rev Max

Company Pension Plan - Revenue Max for Annual and Single Premiums

AGE AT 31ST DECEMBER IN RELEVANT TAX YEAR

NORMAL RETIREMENT AGE

GENDER

Male

MARITAL STATUS

Married

CURRENT INCOME FROM THIS EMPLOYMENT

YEARS WITH CURRENT EMPLOYER

CURRENT EMPLOYMENT - CURRENT VALUE OF PENSION PLANS FROM THIS EMPLOYER

PREVIOUS EMPLOYMENT - HOW MUCH RETIREMENT LUMP SUM ARE YOU PROJECTED TO RECEIVE FROM ANY PENSIONS IN PREVIOUS JOBS

Calculate

These figures are based on a typical customer and your client should seek professional tax advice as the information given is a guideline only and does not take into account your personal circumstances.

This quote is based on the Complete Solutions 1 Bond product with 100% net client Gross fund growth of 6% per annum before charges. Premiums increasing by 3% p charges may change depending on the products and options chosen. Annuity rate is a long term average rate and is not guaranteed.

This quote does not include the pension levy and exit penalties may apply on exit. You wish to exit.

Under current legislation, the maximum pension fund allowed for tax purposes is €4 aggregate value of all pension provision held by an individual. Any fund in excess of charge at the 41% rate on retirement.

This quote is produced on a Revenue maximum basis, which means that the assurance maximum contribution level acceptable to Revenue. It is particularly important that you basis to ensure that overfunding does not occur.

Employer Annual Premiums
Tax relief is claimed in the company financial tax year in which contribution is made.*

Tax Limits

Income Gap

★ Max Lump Sum

Rev Max

Company Pension Plan - Max Retirement Lump Sum based on Salary and Service

AGE AT 31ST DECEMBER IN RELEVANT TAX YEAR

40

NORMAL RETIREMENT AGE

60

CURRENT INCOME FROM THIS EMPLOYMENT

50000

YEARS WITH CURRENT EMPLOYER

1

CURRENT EMPLOYMENT - CURRENT VALUE OF PENSION PLANS FROM THIS EMPLOYMENT

25000

PREVIOUS EMPLOYMENT - HOW MUCH RETIREMENT LUMP SUM ARE YOU PROJECTED TO RECEIVE FROM ANY PENSIONS IN PREVIOUS JOBS

10000

Calculate

These figures are based on a typical customer and your client should seek professional tax advice as the information given is a guideline only and does not take into account your personal circumstances.

This quote is based on the Complete Solutions 1 product with 96% net client allocation, 0.75% base AMC + 0.25% plan charge

Tax Limits

★ Income Gap

Max Lump Sum

Rev Max

Target pension within income tax exemption limits on retirement

AGE AT 31ST DECEMBER IN RELEVANT TAX YEAR

40

NORMAL RETIREMENT AGE

60

GENDER

Male

MARITAL STATUS

Married

INCOME FROM THIS EMPLOYMENT

50000

CURRENT EMPLOYMENT - CURRENT VALUE OF PENSION PLANS FROM THIS EMPLOYMENT

25000

PREVIOUS EMPLOYMENT - HOW MUCH RETIREMENT LUMP SUM ARE YOU PROJECTED TO RECEIVE FROM ANY PENSIONS IN PREVIOUS JOBS

0

IN ADDITION, DO YOU WANT TO FUND FOR A SPOUSE'S PENSION IN RETIREMENT (%)

50

Calculate

The aim of this calculator is to work out the maximum pension that a customer can receive tax free in retirement based on current income tax rules and limits. It also estimates the pension contribution required to aim for such a pension income in retirement.

These figures are based on a typical customer and you should seek professional tax advice as the information given is a guideline only and does not take into account your personal circumstances.

This quote is based on the Complete Solutions 1 product with 96% net client allocation, 0.75% base AMC + 0.25% plan charge.

Gross fund growth of 6% per annum before charges. Premiums increasing by 3% per annum. Inflation rate of 3% per annum. These charges may change depending on the products and options chosen. Annuity rate used for single life is 4.52%. The annuity rate used is a long term average rate and is not guaranteed.

This quote does not include the pension levy and exit penalties may apply on exit. You need to do a detailed quote if this is not the plan you wish to exit.

Under current legislation, the maximum pension fund allowed for tax purposes is €2,300,000. The relevant maximum will apply to the aggregate value of all pension provision held by an individual. Any fund in excess of this amount will be liable to a once-off income tax charge at the 41% rate on retirement.

Individual Income Tax relief Limit
Under current legislation the maximum pension fund allowed for tax purposes is €2,300,000. The relevant maximum will apply to the

Pension Calculators
available on www.blinc.ie



Your Pension Team



PENSIONS
INVESTMENTS
LIFE INSURANCE



Irish Life

75 Years of
Experience

The information and tax rates contained in this presentation are based on Irish Life's understanding of legislation and Revenue practice as at August 2015 and may change in the future. While great care has been taken to ensure the accuracy of the information contained in these slides, Irish Life cannot accept responsibility for its interpretation nor does it provide legal or tax advice.

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